

Georgia's economic growth is showing improvement, though with a declining unemployment rate still above the national average, declining average wages and a stagnant labor force participation rate, Georgia has plenty of opportunity to grow. With the merger of the Governor's Office of Workforce Development and Georgia Department of Economic Development, the transition to a new WIA case management and database system, staff redevelopment and local area geographic changes, Georgia has been extremely busy. Despite the numerous moves and adjustments made during this program year, we can proudly continue to say that we are successful in serving Georgians. Currently, as a state we are comfortably meeting all of our performance measures which is a testament to the outstanding service delivery and program design of our local areas. However, Georgia is currently only exceeding in two measures which is a demonstration of the difficulties that have been encountered due to certain unforeseen barriers, ever changing cohort characteristics, and expectance of continued improvement. The state plans to build upon this success while emphasizing continuous improvement on current performance.

Figure 1- Georgia's Program Year 2014 Proposal

	PY13 Negotiated Level	PY13 Q3 Actual Performance	PY14 Regression Target	Georgia's PY14 Proposed Target
Adult Measures				
Entered Employment Rate	72.5	71.3	72.7	73.1
Employment Retention Rate	85.0	80.8	83.1	83.1
Average Six Month Earnings	\$12,750	\$12,370	\$13,274	\$12,800
Dislocated Worker Measures				
Entered Employment Rate	79.0	74.1	76.5	76.5
Employment Retention Rate	90.3	86.2	88.5	88.5
Average Six Month Earnings	\$17,062	\$16,379	\$17,932	\$17,062
Youth Measures				
Placement in Emp. Or Ed.	62.0	63.1	69.8	66
Attainment of Degree or Cert	71.0	66.4	77.2	72
Literacy or Numeracy Gains	41.0	49.9	47.1	50

Past Performance

Georgia used performance since PY2010 to illustrate historical performance within the context of the economic recovery. The state peaked in most measures during PY12 while only experiencing a period high in once measure for PY13, as illustrated in Figure 2. While growth in most performance measures has been modest, Georgia saw a drop in Dislocated Worker Average Earnings compared to the 28% growth it saw from comparing PY 09 to PY 12 timeframe. Although there have been no significant increases, Georgia continued to improve one of the toughest Youth measures as seen below (*PY 10 to PY 13 growth in Literacy and Numeracy- 58%*).

Figure 2-Georgia's Historical Performance

	PY 10	PY 11	PY 12	PY 13*	PY 14 R	GPRA 14	Region 3
ADULT							
Entered Employment Rate	69.5	71.9	71.5	71.3	72.7	62.5	75.7
Employment Retention Rate	83.2	83.7	84.2	80.8	83.10	82.1	86.2
Average Earnings	\$12,178	\$12,229	\$12,494	\$12,370	\$13,273	\$13,945	\$14,524
DISLOCATED WORKER							
Entered Employment Rate	75.4	79	77.7	74.1	76.50	62.3	79.0
Employment Retention Rate	87.2	89.9	90.3	86.2	88.50	84.6	90.1
Average Earnings	\$14,784	\$17,630	\$17,768	\$16,379	\$17,932	\$16,694	\$16,158
YOUTH							
Placement in Employ/Ed.	61.4	62.2	66.3	63.1	69.8	66.8	70.5
Attainment of Degree	67.3	69.2	74.6	66.4	77.2	62.2	71.3
Literacy/Numeracy Gains	31.5	37.7	46.5	49.9	47.1	46.2	53.1

**Thru Q3*

While USDOL views each state as a separate entity with unique circumstances, Georgia performs satisfactorily when compared to its regional peers and the GPRA goals established by Congress. On five of nine measures, Georgia is performing above the GPRA targets for PY 14. Georgia's performance on all nine measures is also in line with the average of the regression targets for Region 3.

Economic Conditions

The non-farm employment statistics in Figure 3 suggest that Georgia's economy is growing slightly, indicated by moderate job growth. Although the state has seen job growth between calendar years, there are still quarters of job loss. Some of these losses are due to seasonality and there has been an overall increase in employment since January 2012, but there is still a ways to go to return to the pre-recession figures enjoyed in the past.

As we have new businesses enter Georgia's economy we have had businesses continue to close, layoff, or relocate to other countries. Despite trying economic times, Georgia can boast that we had an overall drop in our Unemployment Rate which currently stands at 7.0% compared to 8.4% at this time last year. However, Georgia's improvement in the unemployment rate has lagged behind our regional neighbors and is currently the 43rd lowest rate in the nation. This progress in Georgia also fails to account for the number of individuals that have settled for less than full employment. A phenomenon noted by USDOL, Georgia has a large number of individuals taking part-time or underemployed jobs. This is especially difficult on the youngest of workers attempting to break into the job market with the least experience.

Figure 3- Georgia Total Non-Farm Employment 2012-2014

	Period	Monthly Employment	Employment Change	Avg. QTR Employment	Change QTR Employment
2012	January	3,876,700	-59,700		
	February	3,898,300	21,600	3,898,867	-39,967
	March	3,921,600	23,300		
	April	3,957,500	35,900		
	May	3,974,700	17,200	3,963,500	64,633
	June	3,958,300	-16,400		
	July	3,929,700	-28,600		
	August	3,962,800	33,100	3,948,333	-15,167
	September	3,952,500	-10,300		
	October	3,993,200	40,700		
	November	4,004,300	11,100	4,000,500	52,167
	December	4,004,000	-300		
Annual Average Employment				3,952,800	
2013	January	3,956,400	-47,000		
	February	3,973,400	17,000	3,975,167	-25,333
	March	3,995,700	22,300		
	April	4,026,900	31,200		
	May	4,044,900	18,000	4,032,900	57,733
	June	4,027,000	-17,900		
	July	4,015,100	-11,900		
	August	4,053,600	38,500	4,039,300	6,400
	September	4,049,200	-4,400		
	October	4,070,400	21,200		
	November	4,093,800	23,400	4,084,100	44,800
	December	4,088,200	-5,600		
Annual Average Employment				4,032,883	
2014	January	4,032,000	-52,000		
	February	4,036,700	4,700	4,044,300	-39,800
	March	4,064,200	27,500		
	-	-	-	-	

Source: Georgia Department of Labor; Workforce Statistics

Program Changes/Integrated Service Delivery

Georgia is working to maintain the current trend of improvement on all performance measures. The state is attempting to provide technical assistance to those areas which are facing difficulties on some measures, while aiding local areas in developing new and innovative programs to enhance current delivery methods. Program Year 2013 was the first year the Georgia Department of Economic Development- Workforce Division began directly administering Rapid Response activities as well as implementing a new case management system for WIA. We were successful in reducing administrative costs while enhancing the participant experience. As funding cuts went into effect with PY 13 funds, the state communicated with local areas and shared guidance on best practices to ensure that current customers and new participants were not dramatically impacted for future performance years.

For PY 13 we facilitated the merger of our local areas 18 and 19 (South Georgia & Southeast Georgia). With the alteration of local areas and numerous staff changes we are continuing to develop and work together with areas to improve on our deliverance of services. We have had several areas experience significant layoff events during PY 13 that have altered performance. Area 11 (Middle Georgia) experienced a substantial layoff in May of 2013 with the DynCorp Company in Houston County that affected 294 employees. This left the Middle Georgia area without jobs adding to a forecasted gap in earned income for the state. Another major workforce giant to hit this area was Robins Air Force Base that affected over 400 civilian employees. With the sequestration, Robins took on a ripple effect with other company contracts within this area. Area 17 (Southwest Georgia) was also one of the toughest hit areas for PY 13 with the closure of Southwestern State Hospital that laid off over 600 people in Thomasville, GA. A majority of these employees only have GEDs and High School Diplomas. Another company in the area is Pactiv, which experienced a massive fire that displaced 70 workers from employment. Area 8 (West Central Georgia) also experienced a substantial layoff by William Carter Company that affected 191 positions.

Proposal Methodology

Program Year 2013 demonstrated Georgia's adaptability to change and adversity. The unemployment rate has improved, new businesses are being attracted to the region, and the state is finding exciting ways to place individuals and target populations in strong and in-demand careers. However, growth has remained slow, with quarters of job growth offset with ones of job loss. Georgia's economy continues to grow slower than its regional neighbors and the national economy. Georgia expects no major changes to significantly impact performance growth, and is working to improve program design to better serve participant needs.

To establish the PY 14 proposal, Georgia examined past growth trends and is suggesting moderate increases in performance. The state examined each funding stream independently and compared past performance and accuracy of the regression model to base its suggested performance. There were no additional factors which the regression model did not account for regarding economic conditions or participant characteristics. Georgia's PY 14 proposal represents a cautious approach that reflects the current fragile economic conditions, customers to be served, and past performance.

Georgia has continuously strived to create jobs, provide in demand training and bring new businesses to our state while serving populations that are at-risk. There are economic development marketing measures being utilized to stimulate our economy and increase our wages to mirror growth and advance us at a level playing field. With our proposals we take into account the entire dynamics not only weighing variables but we look at real time data. Our candid proposal focuses on all counts of performance and targeted cohorts.

Adult

In PY 13, the regression model forecasted an overall increase in Georgia's Adult Measures performance. Upon review of the adjustments made, the PY 13 regression suggested an increase in performance based upon improving economic conditions but may have overshot the mark. As stated previously, conditions are improving, but not to the extent desired, and these improvements are not translating to performance due to program changes and the state's commitment to serving at-risk populations including transitioning offenders and veterans.

Regardless of these challenges, Georgia shares ETA's commitment to continuous improvement and therefore proposes Adult Measures that are above current performance.

Figure 4- Adult Proposal

	PY13R	PY13R - PY12A	PY 13*	PY13R - PY13A	PY14R	PY14R - PY13A	PY 14 Proposal
ADULT							
Entered Employment Rate	73.9	2.4	71.3	-2.6	72.7	1.4	73.1
Employment Retention Rate	84.2	0	80.8	-3.4	83.1	2.3	83.1
Average Earnings	\$12,903	\$409	\$12,370	-\$533	\$13,273	\$904	\$12,800
R = Regression				A = Actual			

Georgia's PY 14 proposal is a correction of premature optimism while simultaneously striving to improve. The Entered Employment Rate for PY13 has fallen .2% since PY12, though the goal was raised from 82.4% to 85%. The Retention Rate fell 3.4% from PY12 to PY13 and Average Earnings have decreased by \$124 since the last program year. Despite taking a step back in all three measures thus far in PY13, the state is comfortable with setting goals well above current performance. The Entered Employment proposal is a 1.8% increase over PY 13 performance. The Retention Rate is a 2.8% increase over current performance and Average Earnings is a 3.5% increase over current PY 13 performance. With improving economic conditions, strong program design and an increasing comfort with the new case management system, Georgia is confident that these challenging goals will be met.

Dislocated Worker

Similar to the Adult measures, the PY 13 regression over-predicted Georgia's actual PY 13 performance (PY13A – PY13R). Georgia's performance in Dislocated Worker measures has not seen the significant increase in earnings as compared to PY 12's exceptional program year performance that showed substantial gains. Although performance in PY 13 slightly fell from PY 12, it is still currently better than during the peak of the recession (PY 09 and PY 10).

Figure 5- Dislocated Worker Proposal

	PY13R	PY13R - PY12A	PY 13*	PY13A - PY13R	PY14R	PY14R - PY13A	PY 14 Proposal
DISLOCATED WORKER							
Entered Employment Rate	80.3	5.3	74.1	-6.2	76.5	2.4	76.5
Employment Retention Rate	90.1	3.6	86.2	-3.9	88.5	2.3	88.5
Average Earnings	\$17,752	\$409	\$16,379	-\$1,373	\$17,932	\$1,553	\$17,062
R = Regression				A = Actual			

Performance in the Entered Employment Rate diminished by 3.6 points between PY 12 and PY 13. The Employment Retention measure did not grow as anticipated. This is evident in the chart above which shows the slow down between PY 12 and PY 13 to a decrease of 4.1%. Georgia's PY 14 proposal would be a 1.8% decrease under the PY 13 target. Program Year 2014 regression targets for these measures are in line with Georgia's continuous improvement.

Performance on Dislocated Worker Average Earnings has not been as dramatic as was seen with PY 12. As evident in Figure 6, many areas do not have performance which approaches the state's standard of \$17,062. These tend to be rural areas with less access to workers with higher levels of education (supported in the regression model's account of participant characteristics). When layoffs occur in these areas and create dislocated workers, they typically come from lower wage employment, have less training, and fewer job opportunities upon exit. The economic climate of the area is unable to support \$34,124 paying jobs. Georgia's performance is below this \$17,062 threshold which can be attributed to non metro-Atlanta areas weighing down the state average in addition to metro areas having lower wages than in PY12. In anticipation of modest growth in this measure over PY 13, Georgia's PY 14 proposal is to hold to PY 13's target of \$17,062 which is still well above current actual performance, but a strong goal to strive toward.

Figure 6- Georgia Local Area Dislocated Worker Average Earnings Performance

LWIA	PY12	PY13 Q1	PY13 Q2	PY13 Q3	PY to Date	Meet/Exceed
Northwest Georgia Area 1	\$14,333	\$13,761.66	\$13,601.96	\$14,441.52	\$13,968.48	Meeting
Georgia Mountains Area 2	\$14,979	\$17,088.56	\$15,123.66	\$17,316.36	\$16,340.63	Exceeding
City of Atlanta Area 3	\$14,617	\$18,309.43	\$15,155.32	\$12,299.29	\$14,658.42	Meeting
Cobb County Area 4	\$21,322	\$19,035.13	\$19,341.30	\$18,634.60	\$18,992.38	Meeting
DeKalb County Area 5	\$26,603	\$27,016.54	\$23,675.54	\$22,049.79	\$23,899.97	Exceeding
Fulton County Area 6	\$21,244	\$25,034.31	\$20,886.96	\$17,524.16	\$21,533.20	Exceeding
Atlanta Regional Area 7	\$18,985	\$20,893.79	\$17,575.72	\$17,778.48	\$18,374.11	Meeting
West Central Georgia Area 8	\$23,636	\$14,614.73	\$12,187.55	\$13,787.56	\$13,491.02	Meeting
Northeast Georgia Area 9	\$13,363	\$13,359.54	\$13,872.97	\$13,161.70	\$13,499.34	Exceeding

Macon-Bibb Area 10	\$10,358	\$15,093.27	\$15,888.14	\$8,982.88	\$13,700.31	Exceeding
Middle Georgia Area 11	\$16,363	\$18,127.48	\$14,239.91	\$14,805.94	\$15,145.70	Meeting
Richmond/Burke Area 12	\$12,336	\$13,004.36	\$15,961.24	\$17,930.85	\$15,221.40	Exceeding
East Central Georgia Area 13	\$13,383	\$15,211.78	\$ -	\$15,268.05	\$15,236.79	Exceeding
Lower Chattahoochee Area 14	\$14,791	\$13,942.81	\$12,563.03	\$6,010.55	\$12,160.84	Meeting
Middle Flint Area 15	\$13,090	\$14,815.62	\$8,334.67	\$12,955.02	\$11,765.06	Meeting
Heart of Georgia Area 16	\$12,581	\$15,232.20	\$11,986.61	\$11,268.27	\$12,884.45	Meeting
South Georgia Area 17	\$17,744	\$17,881.93	\$14,699.92	\$14,287.70	\$15,363.14	Exceeding
Southeast Georgia Area 18	\$12,746	\$13,799.24	\$15,351.96	\$13,686.21	\$14,321.72	Exceeding
Coastal Area 20	\$14,231	\$16,585.78	\$12,913.79	\$17,308.02	\$15,765.33	Exceeding

Areas shaded Red show multiple performance quarters below State goal of \$17,062

Youth

As Georgia has developed on the youth common measures, performance has been inconsistent. PY 13 performance shows that the state may be establishing a trend of continuous improvement.

Figure 7- Youth Proposal

	PY13R	PY13R - PY12A	PY 13*	PY13A - PY13R	PY14R	PY14R - PY13A	PY 14 Proposal
YOUTH							
Placement in Employ/Ed.	63.5	1.4	63.1	-0.4	69.8	6.7	66
Attainment of Degree	70.1	3	66.4	-3.7	77.2	10.8	72
Literacy/Numeracy Gains	38.8	7.3	49.9	11.1	47.1	-2.8	50

R = Regression

A = Actual

Similar to the targets for PY 13, the PY14 regression overestimates Georgia's performance. The target for Placement in Employment/Education is 6.7 points above current performance and the target for Degree or Certificate is 10.8 points above current performance. Because of this variance, Georgia cautiously set proposed targets which represented a modest increase over PY 13 goals rather than weighted upon the regression. The Placement in Employment/Education proposal is a 4% increase over the PY 13 target, Degree and Certificate is a 1% increase.

As ETA is aware, the Literacy and Numeracy measure is an entirely different animal that many states, including Georgia, have struggled to tame. However, Georgia has strived to improve the understanding of this measure by our local areas and performance in this measure has improved over the last few program years. Some areas have been able to address L/N, while other areas are

still struggling and GOWD is committed to helping those areas get a firmer grasp on this measure.

Plan for Continued Improvement

The state notified the local areas of the method for negotiating PY 13 performance and conducted negotiations with all local areas. Local area conditions, participant characteristics, industry and demand occupations for the area, and percentage of Georgia's total WIA participant count were evaluated. Each area negotiated a rate which was appropriate based upon these characteristics. The most notable discrepancy in the local area targets were among the measures involving wages and literacy and numeracy.

The literacy and numeracy measure, as a point of emphasis for both USDOL and Georgia, was stressed as most in need of improvement during local negotiations. Quarterly performance reports show that there is a wide discrepancy across the state on this measure. Some local areas are performing quite well and are bolstering the state's overall performance. Those areas which are struggling with the measure have been contacted about receiving technical assistance. Georgia's PY 14 proposal has taken this into account and is suggesting only moderate increases so as to not unfairly rely on those areas which are already performing quite well.

Figure 8- Georgia Local Area Youth Literacy/Numeracy Gains Performance

LWIA	PY13 Q1	PY13 Q2	PY13 Q3	PY to Date	Meet/Exceed
Northwest Georgia Area 1	82.4%	89.1%	91.4%	87.1%	Exceeding
Georgia Mountains Area 2	50.0%	100.0%	27.3%	41.2%	Exceeding
City of Atlanta Area 3	33.3%	0.0%	12.5%	16.7%	Not Meeting
Cobb County Area 4	58.1%	58.8%	47.2%	54.2%	Exceeding
DeKalb County Area 5	0.0%	0.0%	0.0%	0.0%	Not Meeting
Fulton County Area 6	0.0%	60.0%	50.0%	55.6%	Exceeding
Atlanta Regional Area 7	29.0%	41.7%	38.7%	36.5%	Meeting
West Central Georgia Area 8	23.1%	33.3%	0.0%	22.0%	Not Meeting
Northeast Georgia Area 9	60.0%	100.0%	90.0%	75.0%	Exceeding
Macon-Bibb Area 10	0.0%	100.0%	0.0%	100.0%	Exceeding
Middle Georgia Area 11	50.0%	0.0%	0.0%	50.0%	Exceeding
Richmond/Burke Area 12	50.0%	0.0%	50.0%	50.0%	Not Meeting
East Area Central Area 13	20.0%	0.0%	0.0%	20.0%	Meeting
Lower Chattahoochee Area 14	0.0%	0.0%	0.0%	0.0%	Not Meeting
Middle Flint Area 15	88.9%	100.0%	87.5%	90.9%	Exceeding
Heart of Georgia Area 16	100.0%	85.7%	40.0%	68.2%	Not Meeting
South Georgia Area 17	87.5%	64.0%	60.0%	72.7%	Exceeding
Southeast Georgia Area 18	46.7%	46.2%	34.6%	42.0%	Exceeding
Coastal Area 20	39.5%	46.9%	39.0%	41.4%	Exceeding

As previously discussed, the wage measures show a discrepancy because of the nature of the local economies. In the Dislocated Worker Average Earnings, rural areas were typically negotiated at a rate below the state's goal as there are not jobs which can support such high wages. Conversely, the major metropolitan areas have access to workers with higher education levels and jobs with higher wages. These areas negotiated average earnings which were above the state's goal. In order to ensure continuous improvement on these measures, GOWD is ensuring that local areas are training participants in demand occupations with high skill and high wage jobs.

Once PY 14 targets have been established, GOWD will use a similar procedure to evaluate or establish new targets for the local areas. The emphasis in PY 14 will be continuing to set realistic goals for each local area, and improving those areas which are struggling on any measures. GOWD will provide technical assistance and programmatic options for improving these measures.

The new case management and reporting system has proven successful in providing local areas and staff greater access to reporting data to track and monitor outcomes. The cost savings in the new system has also provided more resources for the state to put towards actually serving customers rather than administrative oversight. Similarly, the change to Rapid Response has provided local areas with more funds to serve Dislocated Workers. Georgia anticipates that these changes will continue to assist the state in meeting the needs of the individuals in a more focused strategy to support continued improvement.

Customer Satisfaction and Return on Investment

Georgia ensures customer satisfaction by providing flexibility to the local areas to meet the needs of their unique participants. This includes setting goals which are realistic and attainable for both the state, and by extension, the local areas. This flexibility allows local areas to maximize the value of each dollar in serving participants to reach their career goals.

Georgia's flexibility is also important to ensure the maximum return on investment. Georgia has applied for waivers to provide flexibility in the administration of services. This proposal represents a plan for Georgia's workforce system which seeks to lower the unemployment rate, improve the skills of the state's workforce, and ensure that training dollars are being spent in such a way to place participants in meaningful employment.

Public Comment Period

The Governor's Office of Workforce Development, in accordance with TEGL 25-13, posted the PY 14 WIA proposal (Figure 1) online at workforce.georgia.gov before submission of this proposal narrative.